



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2011 Biennium

<b>Bill #</b>	HB0646	<b>Title:</b>	Energy efficiency fund for K-12 schools
<b>Primary Sponsor:</b>	Ginde, Wanda	<b>Status:</b>	As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
Federal Special Revenue	\$12,501,609	\$12,498,391	\$0	\$0
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
Federal Special Revenue	\$12,501,609	\$12,498,391	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Description of fiscal impact:** In FY 2010 and FY 2011, money from the American Recovery and Reinvestment Act of 2009 will be used as grants to public school districts for school infrastructure energy efficiency projects. The amount of funds to be used is not provided in the bill; however, it is estimated at \$25 million that will be used over two years, or about \$12.5 million per year.

### FISCAL ANALYSIS

#### Assumptions:

#### **Department of Environmental Quality (DEQ)**

1. This bill would establish a public school buildings energy efficiency account in the federal special revenue fund in 17-2-102, MCA. The bill would statutorily appropriate funds to DEQ for grants to public school districts for energy efficiency projects. Money would be deposited in the account from funds received from the federal government under the American Recovery and Reinvestment Act (ARRA) of 2009.
2. The "energy efficiency and conservation program" established in this bill would be a program for the financing, acquisition, construction, and installation of energy saving equipment, systems, and improvements in public school district buildings, structures, and facilities and for the evaluation of potential energy savings and recommendations for energy efficiency and conservation investments for

public school district buildings. For the 2011 biennium only, after receiving and evaluating proposals, the department would award energy improvement grants to public school districts.

3. DEQ tasks under this program would include preparing an application form, selecting certain facilities for comprehensive energy analyses, identifying estimated costs and savings to a public school district based on the analyses, providing grants to public school districts to finance energy efficiency, and compiling a report and submitting it to the Governor each year. DEQ would also provide technical assistance to school districts for finding additional financing mechanisms or leveraging funds for grants.
4. There is no specific line item for energy efficiency in schools in the American Recovery and Reinvestment Act of 2009. Estimating \$25 million total for Montana schools, approximately \$24 million would be used as grants to public school districts for school infrastructure energy efficiency projects (including \$1 million for energy audits) and about \$1 million would go to DEQ for administrative costs.
5. It is assumed that money in the public school building energy efficiency account could be used to pay the department's expenses in administering the program.
6. It is assumed that 30% of the contracts would be for \$100,000 or less and that 70% would average \$350,000 each.
7. DEQ would need 3.50 FTE over the biennium to establish the "Energy Efficiency and Conservation Program" for schools and to complete this work. DEQ would need two engineers and one grants and contracts administrative specialist. Also, one intern at 0.50 FTE would be needed to handle the reporting requirements of ARRA and of this bill. The total administrative costs would be \$509,709 in FY 2010 and \$499,309 in FY 2011. The higher administrative costs in FY 2010 are due to one time only office/computer set up amounts.
8. DEQ would contract for grants with school districts for energy retrofits.
9. Schools would report the results of energy efficiency to DEQ so it could provide the reports necessary under AARA.
10. Statutory Appropriation Checklist:

17-1-508, MCA requires analysis of the statutory appropriation relative to the guidance in 17-1-508 (2), MCA, to be published in the fiscal note. In reviewing and establishing statutory appropriations, the legislature shall consider the following guidelines. Answer yes or no to each of the following guidelines regarding the statutory appropriation:

	<u>YES</u>	<u>NO</u>
a. The fund or use requires an appropriation.	Yes	
b. The money is not from a continuing, reliable, and estimable source.	Yes	
c. The use of the appropriation or the expenditure occurrence is not predictable and reliable.		No
d. The authority does not exist elsewhere.	Yes	
e. An alternative appropriation method is not available, practical, or effective.		No
f. Other than for emergency purposes, it does not appropriate money from the state general fund.	Yes	
g. The money is dedicated for a specific use.	Yes	
h. The legislature wishes the activity to be funded on a continual basis.	Yes	
i. When feasible, an expenditure cap and sunset date are included.		No

	<b><u>FY 2010</u></b> <b><u>Difference</u></b>	<b><u>FY 2011</u></b> <b><u>Difference</u></b>	<b><u>FY 2012</u></b> <b><u>Difference</u></b>	<b><u>FY 2013</u></b> <b><u>Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
FTE	3.50	3.50	0.00	0.00
<b><u>Expenditures:</u></b>				
Personal Services	\$195,625	\$195,625	\$0	\$0
Operating Expenses	\$314,084	\$303,684	\$0	\$0
Grants	\$11,991,900	\$11,999,082	\$0	\$0
<b>TOTAL Expenditures</b>	<b>\$12,501,609</b>	<b>\$12,498,391</b>	<b>\$0</b>	<b>\$0</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$12,501,609	\$12,498,391	\$0	\$0
<b>TOTAL Funding of Exp.</b>	<b>\$12,501,609</b>	<b>\$12,498,391</b>	<b>\$0</b>	<b>\$0</b>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$12,501,609	\$12,498,391	\$0	\$0
<b>TOTAL Revenues</b>	<b>\$12,501,609</b>	<b>\$12,498,391</b>	<b>\$0</b>	<b>\$0</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0

**Technical Notes:****Department of Environmental Quality (DEQ)**

1. This bill does not allocate a specific amount of money into the public school buildings energy efficiency account in the federal special revenue account, so it is not known the actual amount of funds that would be spent.
2. Section 4 creates the school buildings energy efficiency account and provides that the account is statutorily appropriated "exclusively for grants" to public school districts for energy efficiency projects. Although this fiscal note is based on the assumption that this appropriation authorizes appropriated money to pay the Department of Environmental Quality's expenses in administering this program, that is not clear in the bill. It should be clarified to ensure that the administration of the program this bill creates is funded.
3. It is assumed that money in the public school building energy efficiency account could be used to pay the Department's expenses in administering the program.

\_\_\_\_\_  
*Sponsor's Initials*\_\_\_\_\_  
*Date*\_\_\_\_\_  
*Budget Director's Initials*\_\_\_\_\_  
*Date*